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SUBJECT: POLAND INTENSIFIES EMISSIONS DIPLOMACY

REF: A. WARSAW 1086

[1](#)B. BRUSSELS 1686

[1](#)1. (U) Summary: Recent robust Polish diplomacy on climate change issues has raised the country's profile in the EU's internal energy and climate debate and spotlighted its role as host of the 14th Annual Conference of the Parties to the UNFCCC (COP-14) in December. In visits to Madrid, Paris, Berlin, Brussels and Beijing over the past month, PM Tusk has rejected any EU climate change package disruptive of the coal-based Polish economy; he has moved to solidify a "blocking minority" against such a package in Brussels; and he has invited leaders of EU member states comprising that minority to a November summit in Warsaw. He also has referred to China, with its own coal dependence, as an ally in the approaching COP-14.

[1](#)2. (U) Though recent, such Polish diplomatic engagement is rooted in long-term domestic economic and political calculations rather than new aspirations for regional or international leadership. Compared to western European EU member states, there is a measurably lower level of public concern in Poland over climate change issues, but a higher aversion to dependence on Russian energy supplies, Poland's only perceived alternative to carbon intensive coal. The GOP continues to assert its support for EU and UNFCCC energy and climate policies, but until it diversifies its energy supplies and becomes more competitive in its energy efficiency, these prevailing economic and political factors within Poland will limit the scope for agreement on emissions caps with its EU partners. Poland risks losing whatever bets it places on a European coal-based alliance(s) to political horse-trading in Brussels. End summary.

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EMISSIONS DIVIDE OLD AND NEW EUROPE
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[1](#)3. (U) Since joining the EU in May 2004 as the largest of the newer EU economies, Poland's 38.5 million people have enjoyed annual economic growth rates of over 5%. Among the resources Poland brought into the EU were its vast coal reserves, which are the largest of any member state. According to World Coal Institute statistics from 2006, Poland is the world's eighth largest coal producer. Its coal reserves are concentrated in the Upper and Lower Silesia regions of southwestern Poland near the Czech and German borders. Together these two regions have more working coal miners than the rest of the EU combined. Poland generates over 95% of its electric power

from coal--a higher percentage than any other industrialized country except South Africa, and far more than the US (50%), Germany (47%), the UK (44%), Italy (14%) and France (under 4%). Poland's central and eastern European EU neighbors--the Czech Republic, Slovakia, Hungary, Romania and Bulgaria--all rely on coal for well over 50% of their electricity.

¶4. (U) French President Sarkozy's EU energy and climate plan, which he aspires to see enacted by the end of the current French EU presidency, mandates a 20% cut in EU emissions by 2020 from 1990 levels. The plan sets CO2 emissions quotas for all EU member states and a full auctioning of emissions permits for the electric power sector by 2013. The plan cuts Poland's requested emissions quota by 27%; as such it has serious implications for Poland. Piotr Serafin, Under Secretary of the GOP's Office of the Committee for European Integration, has said, "For Poland, the current (French) proposal is still more a threat than an opportunity." In a meeting with econoffs, Serafin said he foresees many Polish electric power plants being forced to close under the plan, since they will be unable to afford the emissions permits required in order to continue operating. He also predicts electricity rate increases of up to 70% for Polish consumers based on emissions caps alone, and a doubling after necessary modernization investments (more than 40% of Poland's coal-based power plants are at least 30 years old). Emphasizing these concerns in an early October press conference in Cordoba, Spain with PM Zapatero, PM Tusk said, "The nations of the EU cannot adopt decisions today that will contribute to an increase in the price of energy." At subsequent meetings with President Sarkozy in Paris and Chancellor Merkel in Berlin, he restated these Polish objections to the French plan.

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An Alliance of Coal-Based Economies

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¶5. (SBU) By the October 14-15 EU summit in Brussels, Tusk had forged an alliance with the Czech Republic, Slovakia, Hungary, Romania and Bulgaria to delay passage of the French plan (all of which share to some extent a reliance on coal and a sensitivity to dependence on Russian energy supplies). Once Italy, which under PM Berlusconi is expanding its coal-based power generation, joined the Polish diplomatic effort, the alliance became a "blocking minority" under the EU's complex weighted voting rules. Said Tusk, "We don't say to the French that they have to close down their nuclear power industry and build windmills. Nobody can tell us the equivalent." (NOTE: Polish officials privately admit their skepticism that the alliance will hold as political horse-trading picks off smaller members).

¶6. (U) Moving to solidify this Polish-led minority, Tusk has since invited leaders of the blocking minority countries (except Italy) to a November summit in Warsaw for talks on revisions to the French plan which would raise CO2 emissions caps for electric power utilities and shift to a gradual introduction of auctioned emission permits from 2013 to 2020. Post will report on this summit septel.

¶7. (U) In his speech on sustainable development at last week's Asia Europe Economic Summit, PM Tusk included what MFA contacts described to Econoff as having "major parts" on an alliance of "coal-based economies" within the EU and a similar alliance with China at the COP-14. Press reports quoted Tusk saying, "I expect that in China we will find an ally for the global climate talks. We are in a similar situation due to our coal-based economies. We cannot allow fighting climate change to destroy them." Econoff and poloff have scheduled a follow-up meeting with MFA for more details and will report septel.

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Public Opinion: Climate Change vs. Russia

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¶8. (SBU) The COP-14 scheduled for Dec 1-12 in Poznan is expected to attract approximately 10,000 attendees from 190 countries. However, what awaits them in Poland is a country with a level of public interest in climate change issues that is measurably lower than almost anywhere else in the EU. Polish media rarely report on environmental issues in general, and coverage of recent pre-COP 14 environmental ministerial meetings in Warsaw was negligible. According to Eurobarometer research conducted from March through May 2008, 50% of Poles view climate change as the most serious problem now facing the world, compared to 74% of Swedes, 73% of Finns; 71% of Germans, Danes, and French; 69% of Austrians, 66% of Dutch, 61% of Belgians and Spaniards, and 57% of British. In fact, among all EU residents, only Italians (47%) and Czechs (45%) show less concern than Poles over the issue.

¶9. (SBU) Poles do care about climate change, but they place a much higher priority than western Europeans on averting any increase in the country's dependence on Russian energy supplies. GOP leaders view this as a bone fide national security issue, supported by public opinion polls in the wake of Russia's recent military incursion into Georgia that show 65% of Poles are afraid of Russia. Poland currently obtains 70% of its natural gas from Russia. While gas accounts for only about 12% of Poland's energy needs (compared to over 60% of Germany's), Poles view these supplies as inherently unstable, subject to politically motivated price hikes and service cuts (like those used against the Baltics, Ukraine and Belarus in recent years), or to delivery shortfalls as Russian oil and gas production declines. GOP leaders are unbending in their opposition to German participation in the planned Nordstream project for transporting Russian gas by undersea pipeline directly from Russia to Germany, and often cite this as a reason they resist investing in gas interconnections to the West.

¶10. (SBU) Nevertheless, in the absence of rapid advances in clean coal technologies, Poland has no readily available

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alternative to natural gas for modernizing its power and other energy intensive sectors. The GOP continues to pursue a number of plans--so far without concrete success--to diversify the country's oil and gas imports. These include a pipeline from Norway through Denmark that to date has attracted scant investor interest, a Liquefied Natural Gas (LNG) terminal project on Poland's Baltic Coast; and membership in a regional consortium to build a 1,200 MW nuclear power plant in Lithuania that remains a distant goal.

Poland's natural gas utility PGNiG has been aggressively seeking alternative sources of supply. They have reportedly made investments or at least made contacts as far afield as Pakistan, Venezuela, Nigeria, Libya, Iraq, and even Iran (though they have committed to support sanctions regimes against Iran as reported in refTel). More recently, the Minister of the Economy has organized a "Summit on Sectoral Cooperation" just before the COP-14 for his counterparts from the major emitting countries and representatives of their heavy industries (steel, aluminum, cement). Also, Piotr Serafin's office, which closely tracks climate change and emissions cap legislation in the U.S. Congress, has requested post's assistance in making US cap & trade experts available to GOP policy makers.

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Comment
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¶11. (U) PM Tusk's intensifying diplomacy on climate change has compelled recognition of Poland's policy prerogatives in the EU, but these remain on a collision course with Sarkozy's zeal to see "Europe set an example" on the issue. In the short term, Poland's blocking minority may thwart the French,

but only as long as it holds together in the face of pressure from the rest of the EU--which still supports the French plan. Regardless of whatever solidarity emerges from Tusk's coal-based alliance summit in Warsaw next week, or from any partnerships with the Chinese or others at the COP-14, Poland's diplomatic efforts can ultimately only buy time in the face of the inevitable. One way or another, it will have to raise the efficiency of its most energy intensive economic sectors and move away from dependence on coal, a natural resource that has long fueled not only its economy but its hope of energy self-sufficiency and its national pride.

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